

Message Text

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TO USMISSION EC BRUSSELS IMMEDIATE

AMEMBASSY PARIS IMMEDIATE

INFO AMEMBASSY LONDON

AMEMBASSY BRUSSELS

AMEMBASSY TOKYO

AMEMBASSY BONN

AMEMBASSY MOSCOW

C O N F I D E N T I A L STATE 297895

PARIS PASS AMBASSADOR LEARSON

E.O. 11652: GDS

TAGS: PLOS

SUBJECT: LOS: DEEP SEABED MINING: ELABORATION OF PRINCIPLES FOR FINANCING THE ENTERPRISE

REF: EC BRUSSELS 11589

1. THE USG POSITION ON THE DETAILS OF THE SECRETARY'S

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PROPOSALS IN NEW YORK ON SEPTEMBER 1-2 REGARDING FINANCING

THE ENTERPRISE ARE STILL IN THE FORMATIVE STAGE. NEVER-
THELESS, JUST BEFORE THE CLOSE OF THE LAST LOS SESSION,
WE CIRCULATED CONFIDENTIALLY A BRIEF LIST OF PRINCIPLES
TO THE OTHER MEMBERS OF THE GROUP OF FIVE, AND SEPARATELY
TO THE FRG.

2. THE LOS DELEGATION CURRENTLY IN PARIS MAY ELABORATE
ON THESE PRINCIPLES WITH THE OTHERS IN THE GROUP OF FIVE
DURING THE DECEMBER 6-9 TALKS. THE DELEGATION WILL EMPHA-
SIZE THAT OUR THINKING ON THE IMPLEMENTATION OF THE
SECRETARY'S PROPOSALS IS STILL TENTATIVE AND WILL SOLICIT
VIEWS OF THE OTHER FOUR. THE DELEGATION MAY SEEK TO
HAVE OUR VIEWS CONVEYED TO THE DECEMBER 10 MEETING OF THE
EC HEADS OF DELEGATION BY THE UK AND FRANCE.

3. GIVEN THE PRELIMINARY NATURE OF OUR POSITION, WE CON-
SIDER IT PREFERABLE AT THIS TIME THAT WE STICK TO ONE US
VOICE--THE DELEGATION--WHICH IS FAMILIAR WITH THE NUANCES
AND ABLE TO RESPOND TO QUESTIONS.

4. THE MISSION IS AUTHORIZED, HOWEVER, TO TRANSMIT TO
THE COMMISSION THE LIST OF PRINCIPLES CONTAINED IN PARAS
5-12 BELOW AND TO INFORM THE COMMISSION THAT FRANCE AND
THE UK WILL BE IN A POSITION TO PROVIDE SOME MORE DETAIL
ABOUT THE US POSITION ON DECEMBER 10.

5. BEGIN PRINCIPLES: THE FINANCIAL PROGRAM SHOULD
ENABLE THE ENTERPRISE TO UNDERTAKE AND CARRY OUT ITS
FIRST DEEP SEA MINING OPERATION, BUT WOULD NOT BE
EXPECTED TO COVER SUBSEQUENT OPERATIONS.

6. THE FINANCIAL PROGRAM SHOULD BE SUFFICIENT SO THAT
THE ENTERPRISE COULD BEGIN START-UP OPERATIONS ALMOST
IMMEDIATELY AND ACTUAL MINING OPERATIONS IN ROUGHLY THE
SAME TIME FRAME AS THE FIRST COMMERCIAL MINING OPERATIONS.

7. THE FINANCING PROGRAM SHOULD BE ADEQUATE TO ENABLE
THE ENTERPRISE TO ATTRACT AND ACQUIRE SUITABLE TECHNOLOGY.

8. NO UNDUE COMPETITIVE ADVANTAGES FOR THE ENTERPRISE
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VIS-A-VIS COMMERCIAL FIRMS AND STATES MINING THE DEEP
SEABEDS SHOULD RESULT FROM THE FINANCING ARRANGEMENTS
UNDER THE PROGRAM.

9. UNDER THE FINANCIAL PROGRAM, ALL MEMBER STATES WOULD
AGREE TO ESTABLISH AND CONTRIBUTE TO A FUND, BASED ON
A SCALE OF CONTRIBUTIONS TO BE NEGOTIATED AMONG THEM.
(A) PART OF SUCH CONTRIBUTIONS WOULD BE PAID-IN TO COVER

START-UP COSTS, INCLUDING ADMINISTRATIVE, PROSPECTING, AND EARLY EXPLORATION COSTS; (B) THE LARGER PART OF STATE SUBSCRIPTIONS WOULD BE CALLABLE TO BE AVAILABLE AS BACKING FOR BORROWINGS OF THE ENTERPRISE, WHICH WOULD BE AUTHORIZED TO BORROW IN CAPITAL MARKETS. THESE BORROWINGS SHOULD BE USED FOR ADDITIONAL INVESTMENT EXPENSES INVOLVED IN THE FIRST PROJECT.

10. ALL STATES SHOULD SHARE EQUITABLY THE BURDEN OF FINANCING THE ENTERPRISE ASSOCIATED WITH 9(A) AND (B) ABOVE. FOR ITS PART, THE US WOULD BE PREPARED TO CONTRIBUTE UP TO 20 PERCENT OF THIS BURDEN.

11. AS PART OF THIS FINANCIAL PROGRAM, WE WOULD EXPECT THAT THE ENTERPRISE WOULD USE ITS BEST EFFORTS TO OBTAIN FUNDS FOR ITS CAPITAL PROJECTS FROM OTHER SOURCES, INCLUDING DONATIONS, FUNDS OBTAINED FROM THE AUTHORITY AND LOANS FROM COMMERCIAL SOURCES AND THE INTERNATIONAL FINANCIAL INSTITUTIONS AS APPROPRIATE.

12. A SYSTEM OF ASSURING RESPONSIBILITY AND CONTROL FOR THE FINANCIAL PROGRAM OF THE ENTERPRISE FOR THE FIRST PROJECT SHOULD BE AN INTEGRAL PART OF THIS ARRANGEMENT. END PRELIMINARY PRINCIPLES. ROBINSON

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